

BUDGET LETTER

SUBJECT: FUND RECONCILIATION RESPONSIBILITIES	NUMBER: 16-09
REFERENCES: GOVERNMENT CODE SECTIONS 12460, 13031, 13344, 13403; STATE ADMINISTRATIVE MANUAL; AND AUDIT MEMO 11-02; BL 16-05	DATE ISSUED: May 24, 2016
	SUPERSEDES: 15-03

TO: Agency Secretaries
Department Directors
Departmental Budget and Accounting Officers
Department of Finance Budget, Accounting, and Audit Staff

FROM: DEPARTMENT OF FINANCE

BUDGET OFFICERS SHALL FORWARD A COPY OF THIS BUDGET LETTER TO DEPARTMENTAL INTERNAL AUDITORS.

This Budget Letter (BL) informs state departments of fund reconciliation responsibilities and a new certification requirement for the 2017-18 Governor's Budget. The Department of Finance (Finance) will issue a comprehensive BL in August to inform departments of past year reporting deadlines and deliverables, including fund reconciliation documents. Although deadlines will be provided at a later date, the deadlines will not be significantly different than last year. One difference for this year is that deliverables should be submitted by fund on a flow basis, rather than waiting for the entire past year to be reconciled. Further instruction regarding what constitutes a complete package for each fund will be provided in the later BL.

As in previous years, departments can prepare and plan for the upcoming fund reconciliation process by reviewing the technical instructions and the list of funds subject to the reconciliation process provided on the Finance website at: <http://www.dof.ca.gov/accounting/Fund%20Reconciliation/>.

Fund Administrators' and Fund Users' Authority and Responsibilities

Finance designates an administering department for each fund. The **designated fund administering department is responsible for the fund balance reconciliation**. State Administrative Manual section 6401 outlines the authority and responsibilities of a fund administrator and fund user for both shared and non-shared funds.

Shared fund administrators should contact fund users prior to year-end to set expectations of due dates and discuss any potential delays in a fund user's submission of the required documents. In the rare event that fund administrator-set deadlines will not be met, it is the responsibility of the fund administrator (of both shared and non-shared funds) to communicate to your Finance budget analyst any potential problems that may prevent the timely submission of reports to Finance plus proposed mitigating measures.

Fund users must reconcile their activity in the fund and provide necessary and timely information to the designated fund administrator to reconcile the fund as a whole. It is the fund user's responsibility to communicate to the fund administrator any potential problems that may prevent the submission of timely reports plus proposed mitigating measures.

New Certification Requirement

In accordance with Government Code section 13031, fund administrators and fund users must sign Form DF-117, Certification of Past and Prior Year Information (Attachment I). The certification is required for ALL funds with any past/prior year activity. Each department must certify the following:

- Past/prior year information provided to Finance is accurate and reconciles between budget and accounting records, and
- Budget and accounting information is consistent with information provided to the State Controller's Office.

New this year, the certification must be signed by the department's Director or equivalent. Signing the certification may be delegated down only one level, such as the Chief Deputy Director. Inaccurate and/or incomplete past year reconciliation packages will be returned to the signatory for immediate resolution. Reconciliation information provided to Finance is subject to audit by Finance, Office of State Audits and Evaluations. If audited, the cost will be funded by the department's spending authority from the audited fund.

If you have any questions, please contact your Finance budget analyst. If necessary, your Finance budget analyst will coordinate questions amongst other areas within Finance.

/s/ Todd Jerue

TODD JERUE
Chief Operating Officer

Attachment